

Oregon CUB

610 SW Broadway
Suite 400
Portland, OR
97205

(503)227-1984
oregoncub.org



The Bear Facts

QUARTERLY NEWSLETTER OF THE
OREGON CITIZENS' UTILITY BOARD

SPRING 2017

CUB Mission:

As directed by Oregon voters in 1984, Oregon CUB represents the interests of Oregon's residential utility customers before administrative, judicial, and legislative bodies.

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One Billion Dollars in Potential Savings CUB's tenacity pays off

In January, Pacific Power (PAC) presented the results of its analysis of the least cost/least risk way to comply with Regional Haze pollution standards on 14 coal units that are facing retrofits. At an Integrated Resource Planning (IRP) workshop the company presented analysis that showed that phasing out these plants as an alternative to retrofits will **save its customers \$1 billion**.

Since 2009, CUB's analysis has repeatedly shown that retrofitting coal plants is much more costly to consumers than closing them. A few years ago as part of our argument we proposed an analytical model to compare phasing out coal plants to retrofitting them, then worked with PGE to analyze phasing out the Boardman coal plant by 2020 instead of spending \$600 million to retrofit the plant. That analysis showed that closing Boardman provided significant savings for PGE customers.

In the meantime Pacific Power has been slow to adopt this modeling and Oregon Public Utility Commission (OPUC) has rejected their IRP more than once, because Pacific Power failed to seriously analyze phasing out coal plants. In 2012 OPUC ordered PAC to provide customer credits totaling \$17 million. In 2013, PAC was ordered to work with CUB and OPUC staff to improve their analysis. Finally, in 2014, our hard work paid off when PAC used improved modeling and found that it was indeed cheaper to phase out the Cholla coal plant rather than do expensive retrofits.

PAC will submit its final 2017 IRP draft to OPUC in May, and we will then be able to access the particulars of their analysis. It will also need to be reviewed by other stakeholders including OPUC, the states where the coal plants are located, and federal environmental officials. However, with a projected savings of \$1 billion, we are confident that the **economic benefits of phasing out these coal plants** are clear, and will be hard to reject.

CUB's Work for Affordable and Fair Rates

Avista Utilities Proposes Unfair 9% Rate Hike

Avista Utilities, the natural gas company in southern and eastern Oregon, is seeking a 9% rate increase for residential customers. This is on top of a 5.2% increase that was enacted less than a year ago.

Avista claims that the increase is primarily due to its need to replace aging natural gas pipes, meet load growth, and ensure the reliability of its system in the winter. Of course, the company is also seeking to increase its profit margin and push up employee salaries and benefits.

CUB is greatly concerned with this proposal. Avista is investing capital and increasing rates in a

manner that will keep rate increases well above inflation indefinitely. Utility regulators in Washington recently turned down a request from Avista for higher rates, citing the unsustainable spending by the utility.

In addition, the proposal is unfair. Avista wants residential and small commercial customers to pay for the entire increase. But the company admits that nearly all of its load growth is coming from large industrial customers.

CUB's Senior Economist Jamie McGovern has spent weeks analyzing this request and recently submitted testimony arguing that much of the rate hike is unfair and unreasonable.

(See more Energy Program News on Page 2)

(Energy Updates, Continued)

PGE is Considering How to Replace Boardman

PGE is closing the Boardman Coal plant in 2020, and is involved in a resource planning process to consider how to replace the plant. Rather than choosing a specific resource as part of that plan, PGE is proposing to conduct a competitive bidding process to see which option is best. While PGE claims that this process is open to all resources, several environmental groups suggest it is designed to allow PGE to build a new natural gas plant with a 35 year life span.

CUB is concerned that PGE's proposed Boardman replacement process is biased towards long term resource options.



CUB recently submitted comments arguing that this analysis is flawed and should be rejected. CUB raised the concern that PGE's proposed process is biased towards long term resource options, when there may be cheaper short term options available. For example, the owner of a hydro facility might be willing to sell power to PGE for the next five years, allowing PGE to put off a large new power plant. This could be advantageous for everyone because of the rapid changes in technology that are making renewable resources less and less expensive.

However, PGE's process is designed to consider only long term projects and does not fairly evaluate a resource that is less than 10 years. But shorter-term resources will be cheaper and will likely have significantly less risk.

Pacific Power Must Be More Transparent

CUB was disappointed with a PUC decision last year related to how PacifiCorp models its power costs. CUB believes that Pacific Power overcharges Oregon customers. The PUC rejected CUB's arguments, but ordered the utility to hold a series of workshops. Last month, CUB went to the PUC and complained that Pacific Power would not even work with CUB on the dates of the workshops, let alone provide the information that we needed to evaluate their modeling. The PUC heeded our concerns and told Pacific Power that it must answer our questions and that they must be transparent.

Fighting for Low-income Consumers

While CUB's mandate as an advocate extends to all utility customers in Oregon, spanning a wide range of income levels, we are always cognizant of the special importance that our work holds for low-income customers. When your household budget for a given month can easily swing tight enough that you have to choose between skipping meals and skipping a utility (or insurance or car) payment, the policies decided in Salem or at the Public Utility Commission (PUC) can affect your life in profound ways. Because the stakes are often higher for folks living paycheck to paycheck, CUB works hard to ensure that the legislation, rules, and utility cases we work on contain provisions that offer meaningful benefits to low-income Oregonians.

One such effort concluded in early February when stakeholders reached agreement on a new set of rules

governing investor-owned energy utilities' ability to disconnect service to their Oregon customers in the event of extreme (hot or cold) weather. CUB's work on

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this docket (titled "Severe Weather Moratorium on Service Disconnection") helped ensure that a moratorium on shutoffs will go into effect if/when 1) the daily high temperature is forecast to be at or below freezing, or 2) the National Weather Service declares a Heat Advisory; and moratoriums will remain in effect for at least 24 hours.

Idaho Power successfully petitioned to preserve their opt-in "winter protection plan", (this alternative was then made available to all utilities), but only with their assurance to market the plan heavily to improve customer education. CUB will watch closely to ensure that Idaho Power does their due diligence to inform customers of the plan's tradeoffs.

(Continued on Page 6)

The Good, The Bad, and The Ugly: Updates at the Federal Communications Commission

In the weeks leading up to President Trump's inauguration, CUB raised concerns with his selections to lead the Environmental Protection Agency (EPA) and Interior and State Departments. Each of these cabinet picks signaled a striking departure from the previous administration's philosophy regarding energy, the environment, and the urgent need to address climate change. Yet a less publicized selection, but one that provoked similar shudders from CUB and other consumer groups, was the appointment of Ajit Pai to lead the Federal Communications Commission (FCC).

The selection of Mr. Pai to succeed the previous Chair, Tom Wheeler, was no surprise. As both a sitting FCC Commissioner and former Verizon Counsel, his promotion makes perfect sense. And while his appointment was seen as something of a red flag, most groups – CUB included – chose to take more of a wait-and-see approach given his breadth of Commission and industry experience.

Unfortunately, experience does not always signal a person's ability to lead an important agency like the FCC. Now barely a month into his tenure, Mr. Pai has certainly made his mark, highlighting both the Chair's power and the far-reaching

impact of party leadership in the White House regarding federal telecommunications policy.

First, the good news:

On Mr. Pai's first day as FCC Chair, he cited bridging the digital divide as the cornerstone of his agenda, saying "...there is a digital divide in this country—between those who can use cutting-edge communications services and those who do not...[and] our core priorities going forward should be to close that divide [and] bring the benefits of the digital age to all Americans."¹

Pai also took steps to pilot a change in rules governing transparency and public oversight of the FCC by releasing the full text of proposals before full-Commission votes. However, detractors are concerned that this step will increase FCC decision timelines by giving special interest groups an unreasonable legal advantage.

Chair Pai also announced plans to require manufacturers to enable smartphones and other devices to transmit FM radio at no charge to the consumer. This could prove helpful in emergency scenarios or for frequent FM radio listeners.

(Continued on Page 7)

New Year, New Legislative Session

The 2016 Oregon legislative Session was one of the most active for CUB in years. Senate Bill 1547 – Oregon's Clean Electricity and Coal Transition Act – made history and is now the shining example other states look to when striving to decarbonize their electric grids. While the 2017 legislative session will certainly include discussions about climate change and other energy-related topics, budget challenges and a push for a comprehensive transportation package will dominate.

CUB will actively engage on the energy front, but with a particular emphasis on protecting one of our crowning policy achievements – the public purpose charge that we helped create in 1999 through Senate Bill 1149.

Ratepayers of PGE and Pacific Power began seeing this small charge on their bills in 2001, and it has funded cost-effective conservation, new market transformation, small-scale renewable energy projects, and low-income weatherization ever since.

More than half of the monies go toward funding the Energy Trust of Oregon, and are a major reason the American Council for an Energy Efficient Economy ranks Oregon at or near the top of their Energy Efficiency Scorecard list each year. CUB's take is simple: Public Purpose monies are ratepayer owned, and therefore must benefit ratepayers and help low-income people remain safely and comfortably housed.

CUB is also engaged in a variety of telecommunications topics. For instance, we continue to push for a repeal of a tax incentive passed in 2015 to entice Google Fiber to build out fiber infrastructure in the Portland area, but inappropriately allowed other companies to take advantage. We also support a more modern interpretation of Universal Service Fund dollars to support broadband investments.

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Extreme Makeover, Nonprofit Edition: Refreshing CUB's Website and Branding

As you will see on Page 5 of this newsletter, CUB recently merged with the CUB Policy Center and is now one unified 501(c)3 organization! In concert with this change, we decided to update our look with a new logo and branding colors, bringing Oregon CUB into the 21st century while paying tribute to our founding mandate as a grassroots, locally focused consumer advocate.

In addition, we have updated our website to make it easier and more effective to engage with you, our members and partners, and to more clearly articulate the work we do. The new website was launched on January 30 and continues to live at www.oregoncub.org. It includes a number of new areas and features to help you more easily access the information you need and to participate meaningfully in CUB's work.

Some key guidelines to navigating the new CUB website (homepage is previewed below):



More resources will be added over the next few months, so stay tuned! If you can't find what you're looking for, check out the site map at www.oregoncub.org/site-map/. Otherwise, feel free to contact us at outreach@oregoncub.org and we'll be happy to point you in the right direction. We are still working out the last few kinks in the site design so we appreciate your feedback!

1. About: This section includes an introduction to CUB; our Mission, Vision, and Values; a list of historic accomplishments; and information about our staff and Board of Governors.

2. Programs: You can now find information about CUB's work categorized by our four programs: Energy, Telecommunications, Water/Wastewater, and Conference & Events.

3. News: This section of the site hosts the CUB blog, and archives of CUB member newsletters and annual reports.

4. Get Involved: This area now hosts information on a number of ways Oregonians can get involved in our work:

- Information about charitable giving along with CUB membership under "Join CUB"
- A new section dedicated to Action Alerts
- A new Events Calendar, highlighting CUB events as well as those hosted by our partners.

5. Resources: This is the place to get your questions answered; FAQs, Consumer Tips, Community Resources, and Documents and Research can all be found here. Resources specific to the four CUB programs can also be found in the right-hand menus on each program's landing page.

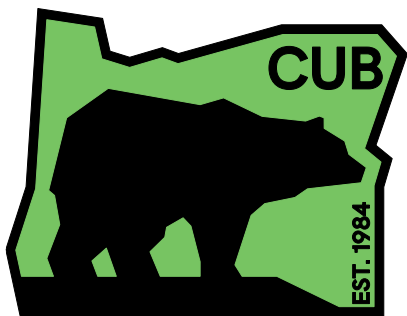
6. Contact: This page now includes CUB's office contact information and office hours, as well as our general contact form.

Craving More CUB News? Sign up For Our Blog Digest!

CUB makes it easy to stay up to speed on the latest developments in rate cases, telecom regulations, Portland utility budgeting, and much more. Just follow these three (okay, four) steps to join CUB's email list where you'll receive e-news digests, action alerts, and other updates!

1. Visit www.oregoncub.org/contact/
2. Click the button **Get Our Newsletter!** on the right side of the page under **Donate** and **Contact**.
3. Enter your email address and first name in the fill boxes, check the box labeled **General Interest**, and click **Sign Up**.
4. You will receive a confirmation email shortly afterward. Add outreach@oregoncub.org to your **Approved Senders** list to make sure CUB emails don't end up in your spam folder!

Big Changes At CUB: Merger, New Look, New Tax-Deductible Status



As you have probably heard by now, Citizens' Utility Board of Oregon (CUB) and CUB Policy Center (CPC) have officially merged into a single 501(c)3 organization known as Oregon Citizens' Utility Board (Oregon CUB, or as we have long been known, just plain CUB). I am excited for this change, because it allows CUB to save money by streamlining business practices, facilitates new opportunities for fundraising, and increases our chances for staff retention by allowing staff to take advantage of student loan forgiveness programs available only to (c)3 nonprofit employees.

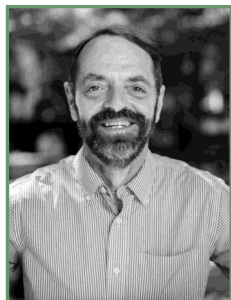
One of the ways this change directly impacts CUB members is that dues as well as other donations, are now all tax deductible to the fullest extent allowed by law. This change alone is giving us lots of reason to celebrate and I encourage you to renew or donate at whatever level you can afford. If possible please join the Anniversary Club by giving at least \$100 in 2017! Many of our members have already done this and we are grateful for your immediate response to our new tax-free status.

A new organization deserves a new look and to that end our Communications Department worked hard to update our look, logo and website. To learn more about the website redesign, check out our orientation guide on Page 4 of this newsletter and visit www.oregoncub.org to explore the site yourself.

I do want to point out that while we are very excited to make all these relevant updates, **nothing CUB actually does is altered**. As you can see throughout this newsletter; our economists and lawyers are still at the forefront of cases being heard at the Oregon Public Utility Commission, we have advocates promoting your interests at the legislature and Portland City council, and we will continue to educate and empower you on energy, telecom, and water/wastewater issues.

Over this next year we anticipate the need to keep you informed on how a new presidential administration affects you; letting you know if you need to speak out on issues like net neutrality or changes to EPA rulings that will affect Oregon's commitment to sustainable energy. We will also alert you to proposed legislation in the 2017 Oregon legislative session that will be important to you personally or Oregonians generally; we are keeping our eye on several things including ensuring that last year's Clean Electricity and Coal Transition Act is not weakened, and that the legislature does not increase utility rates in order to balance the state budget. Of course, we meet regularly with energy, telecom, and Portland water/wastewater stakeholders to bring a unique voice – that of the consumer – to the policy-making table. And, we will continue to be a thorn in the side of the for-profit utilities that serve most Oregonians.

So, while change seems to be the long-range forecast in 2017 both for our nation and for CUB, I am looking forward to taking on the challenges and taking advantage of the opportunities. Regardless of which ones we are dealing with we will be, at our core, the same tough utility consumer advocate and policy thought leader that you support. We are Oregon CUB: *Your consumer advocate, protecting Oregonians' wallets and values by working to keep residential utility services affordable, accessible, reliable, and clean.*



Sincerely Yours,

Bob Jenks

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Making the Clean Energy and Coal Transition Act Work for Oregon's Residential Customers

In last year's Legislative session CUB was instrumental in the passage of SB 1547: The Clean Energy and Coal Transition Act. Since that time, we have been working together with the Oregon Public Utility Commission and other stakeholders to make sure that the regulation and implementation of the increase of renewables up to 50% and the transition off coal are accomplished in a way that protects and benefits residential customers. (See article on Page 1 on coal phase-out benefits.) We are also keeping an eye on a couple of other important elements of the new law.

"Community Solar" can be described as an array of solar panels that may be developed by a utility or a third party developer; nearby in a local neighborhood or far away in a sunnier place like Eastern Oregon. Consumers then subscribe to or purchase a portion of the solar project to be used to meet their energy needs. CUB strongly supports Community Solar, and we will be advocating for a program that is transparent, easy for customers to understand and navigate, and which opens avenues for solar participation to most, if not all, residential consumers.



Governor Brown and chief negotiators at signing ceremony for SB 1547, March 2016

Traditional utility policies allow companies to invest in load growth mechanisms as long as that load growth revenue meets or exceeds the cost of serving the increased load; likewise CUB believes that investment in EV infrastructure should pay for itself and not require a supplement from customers. Additionally, CUB believes that EV investment should add value to the system. An example of this is for utilities to create a demand response program that varies nighttime home charging to absorb excess wind power produced at night. CUB is working to ensure that utility investment in EV infrastructure is cost effective and benefits consumers.

(Continued from Page 2) Fighting for Low-income Consumers

Looking forward, CUB is working on other timely low-income advocacy issues. One of these, related directly to the Weather Moratorium rules, is the issue of service disconnection reporting requirements. Oregon currently has no requirements in place for utilities to report to the PUC and other stakeholders how many of their customers receive shutoff notices and how those shutoffs are handled. CUB is engaged in a process to determine rules for semi-annual disconnection reports from all regulated energy utilities, and how those requirements may affect advocates' ability to hold the utilities accountable to their customers. We expect this docket to be resolved by spring/summer of this year.

Farther out in 2017, Staff at the PUC are drafting rules which will govern the new "Community Solar" program, mandated by SB 1547, the Clean Electricity and Coal Transition Act (see the above article for more info on SB 1547 rulemaking.) This is a key low-income advocacy issue because traditional rooftop solar is not available to renters, and typically sits at too high a price point for many lower-

income homeowners. Community Solar therefore has the potential to make the benefits of this renewable technology available to households that may not otherwise be able to access it.

Finally, CUB recently completed the third in a series of workshops to investigate the feasibility of a Percentage-of-Income Payment Program (PIPP) to help ease the burden energy bills present to low-income customers. As described in CUB's 2016 Annual Report, a PIPP is designed to allocate funds to cover a certain percentage of a customer's energy bill that has been deemed burdensome due to that customer's income level. It is far from certain whether Oregon lawmakers will be able to set aside sufficient funds for such a program or if other factors will prevent it from taking root, but as with the Severe Weather Moratorium, Community Solar, and Weather Shutoff Reporting, CUB is participating and watching closely to ensure that if a PIPP program does come to pass in Oregon, it will serve the needs of our state's most vulnerable residents.

Portland Public Utilities

Ratesetting for Portland's water, stormwater, and sewer services is integrally linked to budget setting for the Portland Water Bureau and Bureau of Environmental Services. The budget process is underway, and CUB submitted comments to shape the requested budgets from these public utility bureaus. Comments to inform the Mayor's budget are the next step and CUB continues to advocate for good value in major construction projects and overall budget moderation. Stay tuned to our blog for updates on the Portland budgeting process.

FCC Updates *(Continued from Page 3)*

Now on to the not so good news:

Under Chair Wheeler, and leadership from the Obama White House, the FCC took major steps to bolster consumer protections and improve access to technology for low-income people.

The 2015 Open Internet Order ambitiously set out to improve online privacy and consumer education, and enforce "network neutrality" rules by reclassifying broadband as a common carrier service under Title II of the Communications Act. A federal appeals court upheld the order last year, further entrenching the FCC's broad authority to impose rules prohibiting Internet service providers from sharing sensitive personal data, blocking or throttling Internet traffic, or prioritizing content in exchange for payment.

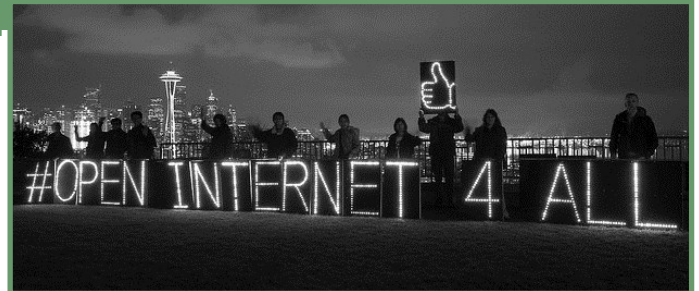
Also last year, the FCC expanded the federal Lifeline program to include broadband customers. Lifeline is a decades-old program that helps low-income people pay for communication services. This most recent expansion allows income-eligible customers to apply a \$9.25 monthly subsidy toward home or mobile Internet service.

Unfortunately, under Chair Pai, and with a mandate from the Trump White House, these two policies are all but likely to change – if not reverse altogether.



Former FCC Chair Wheeler (m.) and current Chair Pai (right) with Commissioner Michael O'Reilly (left) at swearing in ceremony in 2013

While Pai has advocated in the past for a "free and open" Internet, he continues to oppose Title II reclassification – the legal mechanism allowing the FCC to impose the Open Internet rules and regulate Internet service providers more like public utilities.



"Rolling Rebellion" activists in Seattle call for defense of Open Internet rules (CC 2.0 Generic - <https://creativecommons.org/licenses/by/2.0/legalcode>, edited)

Additionally, last month the FCC revoked the eligibility of nine companies to provide Lifeline broadband subsidies. One company, Boomerang Wireless, currently operates in Oregon.

And finally, Pai's FCC recently closed an investigation into whether AT&T and Verizon violated net neutrality rules by exempting certain customers from data cap fees – a practice more commonly referred to as "zero rating". An FCC report released last January, before former-Chair Wheeler stepped down, found that the companies had in fact violated the rules.

What does this all mean for the FCC and consumer friendly policy? The short answer is that no one knows for sure. The partisan politics at the Commission and in the Executive Branch are such that programs like Lifeline and policies like net neutrality are anything but safe. However, this does not mean that groups like CUB or consumers who care about these issues lack skin in the game.

The Open Internet Order was developed and eventually passed in large part due to a groundswell of public support (the FCC received over 3.7 million initial public comments on the topic). Chair Pai's decision to bar nine companies from delivering reduced cost Internet service to low-income people has also received overwhelmingly negative attention.

This is why our helping you stay informed on these matters is so important. Stay tuned to our blog at oregoncub.org/news/blog/ and sign up to receive email and Action Alert updates.



Oregon CUB

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Why I give to CUB...

**A message from Pamela White
CUB's Development and Communication Director**

As a fundraising professional, and especially as a Development Director, I have always given to the organization I serve. After all, one of the basic principles of fundraising is that it is hard to ask for money if you are not giving. That being said, in 2017 I dramatically increased my donation to CUB because now that gifts are tax-deductible, I wanted my gift to better match my love for the work we do.

Last year, as CUB's Communication Director, I spent most of January through early March working on messaging with my counterparts from the utilities, environmental, and renewable groups who came together to hammer out a proposal that eventually became SB 1547, the Clean Electricity and Coal Transition Act. This bill effectively took Oregon off of coal fire produced electricity by 2035 and increased renewables to 50% by 2040.

In mid-March I watched the Governor sign SB 1547 into law surrounded by school kids who spoke eloquently about

how clean energy affected their futures. It struck me that what I do every day is really important. My fundraising and messaging work actually made a difference for each of those 25 kids in front of me. In fact, passing this bill will impact the entire future of energy policy in Oregon...and probably America.

Imagine, if you will, that moment, when I realized that I had quite literally participated in work that would change the world! It was breathtaking; a moment that is etched in my memory forever. And one that motivated me to give more than I ever had before.

What about you? I would love to hear about why you love and support CUB. You can write me a note when you send in your donation or email me at pamela@oregoncub.org. Remember, your gift, like your story, is an important part of who we are: *Your consumer advocate, protecting Oregonians' wallets and values by working to keep residential utilities affordable, accessible, reliable, and clean.*